

# Memorandum



## Human Resources

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Date: July 24, 2006

From: Human Resources

Subject: Compensation Study 2006/2007

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### Introduction:

As requested by the City Manager, a compensation review was conducted by Human Resources staff on each classification within the City of Tempe's pay plan (approximately 430+ classifications). The overall purpose of this review was to identify those classifications that are currently assigned ranges that fall below the City's market compensation philosophy and to identify target ranges needed for correction.

### Market Review Team Members:

Eunice Brown, Human Resources Technician  
Bruce Gardner, Human Resources Administrator  
Lawrence LaVictoire, Sr. Human Resources Analyst  
Pam Mensch, Human Resources Technician  
Tammy Milhon, Human Resources Specialist  
Louis Telles, Human Resources Analyst  
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### Study Methodology:

Tempe's internal classification system is an important tool with the purpose of objectively assigning ranges to job classifications based upon the type, nature, level, complexity, and scope of work as well as the required qualifications. The application of Tempe's internal classification system provides objective classification range assignments that create a range hierarchy of Tempe jobs that are consistent with our current philosophy. In order to stay current with market trends, Tempe completed a market review of all classifications in order to avoid losing the ability to attract and retain the most highly qualified and motivated workers.

Most of the classification information was received from the Job Information Management System (JIMS). The City of Tempe Human Resources Department facilitated the creation of the JIMS program (<http://www.tempe.gov/jims>) with the help of Dave Kelley, Webmaster. JIMS is a master web-based database that enables each of the municipal salary survey participants to post their current classification and salary range information into an online user friendly search

program. Data from the site includes classification titles, corresponding salary ranges, job descriptions, and other general information.

All salary range information gathered was based upon fiscal year 2006/2007 information. Due to the timing of this compensation study, current salary information had not been implemented in the JIMS program for the municipalities used for market comparisons. Human Resources contacted each municipality in the study to obtain their updated respective salary information in order to capture cost-of-living and reclassification changes in the market.

For each classification, the Human Resources Analyst assigned carefully searched and analyzed related job descriptions found in JIMS from each of the salary survey participant organizations to identify comparable matches. For purposes of the review, the City of Tempe's labor market consisted of the following municipalities:

City of Chandler  
Town of Gilbert  
City of Glendale  
City of Mesa  
City of Peoria  
City of Phoenix  
City of Scottsdale

If questions regarding a job description from a particular organization arose, the Human Resources Analyst contacted the organization's respective human resources department and reviewed their respective personnel/budget documents to clarify any questions in order to make a final determination.

Once comparisons were finalized, the Human Resources Team placed the job title and salary information into an Access database for reporting purposes. The Access program enables Human Resources to run reports indicating market comparison information for each specific classification in the City of Tempe's pay plan. In addition, the program determines the "75 Percentile" of the market so that staff can identify any recommended range adjustments to be consistent with Tempe's market philosophy. The report for each classification reviewed can be downloaded at the Human Resources Intranet site at <http://www1.tempe.gov/hr/>.

#### Compensation Philosophies that Guided the Review

Tempe's current compensation philosophy is for the maximum salary of a Tempe classification to be at or above the "75<sup>th</sup> Percentile" of the market when considering a ranking of other municipalities' range maximums for a comparable job. As defined by the City, the "75<sup>th</sup> Percentile" is the average between the median maximum and the highest paid maximum in the market. Tempe's goal market philosophy of attaining the "75<sup>th</sup> Percentile" is aggressive, as this positions Tempe's classifications near the top of the existing market.

The following criteria were used as the basis for the market review:

1. For the purposes of this review, only commutable municipalities, similar in size to Tempe (the City of Phoenix as an exception), were utilized for comparison, since these would be direct competition for attracting and retaining highly qualified workers.
2. When an insufficient number of matches were available (i.e. less than three) for a classification market review, Human Resources linked the range of the classification to another highly similar Tempe classification for internal equity. Indication of "Link To: *Tempe Classification*" on the report signifies that due to lack of market, the classification is linked to the recommendation of another classification. The two types of "linking" of classifications without sufficient market to other Tempe classifications are direct and indirect.

A **direct link** to a classification means that the duties and responsibilities of the classification are sufficiently comparable in terms of the type, nature, and complexity. Direct links are placed at the same range as the classification to which they are linked.

An **indirect link** to a classification may be used when the classifications are in the same job family and career path. Indirect links are not placed at the same range, but may be adjusted up to the same number of range increments as the classification to which they are linked. Indirect links are used to alleviate the problem of subordinate classifications making the same as the higher level (i.e. compaction), and are used to help ensure that all levels of the specific job family keep pace with market compensation trends for that particular type of work. In most cases, indirect links are used for the entry level in flexible classifications (i.e. Planning Technician I may be linked to Planning Technician II).

3. In cases where Human Resources was unable to find viable market *and* comparable internally equitable classifications, a complete job review was performed on the position. This type of review is referred to as whole job analysis and is based upon the analysis and comparison of the type, nature, level, scope and complexity of the duties performed, as well as the required education and experience, to other Tempe and market classifications with similar characteristics to determine an appropriate range within Tempe's hierarchy. Indication of "Link To: See Comp Survey Notes" on the report signifies a whole job review was completed and notes are available for review in Human Resources.

The market comparisons and recommendations are final. Specific questions regarding the market comparisons or recommendations should be directed through the department's chain of command. General questions regarding the survey process can be directed to a department's assigned Human Resources Analyst.

## Implementation

Previous to initiating the review, Human Resources received information from the City Manager that the range adjustments will be retroactive to June 26, 2006. In addition, any eligible employee who did not receive a full 5% increase in July of 2006 and receives a range adjustment may receive an additional adjustment to his/her actual salary. The increase to salary will only be 5% *or* to the maximum of the new range, whichever is lower. For example, a one range adjustment will be a 2.5% increase to a topped out employee, a two range adjustment will be a 5% increase; however, a three range adjustment or higher will still only account for a 5% salary adjustment to salary for an employee. Employees who remain below the minimum of their new salary range will be placed at the new minimum salary.

## Challenges to the Market Comparisons by Employees

Employees have the opportunity to challenge the market information and recommendations for their respective position. Human Resources will only consider employee challenges to the comparisons. Human Resources **will not** consider challenges to the City of Tempe's "75<sup>th</sup> Percentile" market philosophy or the municipalities used in the market comparisons. Human Resources recommends the following process for challenges to the market comparisons:

1. The employee must complete the Market Match Review Request Form ([www1.tempe.gov/hr/](http://www1.tempe.gov/hr/)) with the requested information. This form outlines the steps necessary to request a review of market used in the comparisons as well as suggestions for conducting a market match comparison.
2. The Market Match Review Request Form will need to be forwarded through the chain-of-command up to the Department Manager for final approval. Once approved, the Department Manager will then forward the form to Human Resources.
3. Taking into account the information provided in the Market Match Review Request Form, Human Resources will re-review the matches for the position and develop a final recommendation.
4. Any changes for a position arising from a challenge will be retro-activated back to June 26, 2006.

All challenges must be given to Human Resources by September 30, 2006